



**THOMAS L. GARTHWAITE, M.D.**  
Director and Chief Medical Officer

**FRED LEAF**  
Chief Operating Officer

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES  
313 N. Figueroa, Los Angeles, CA 90012  
(213) 240-8101

**BOARD OF SUPERVISORS**

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First District

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Fifth District

September 29, 2005

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn of Administration  
500 West Temple Street  
Los Angeles, CA 90012

**APPROVAL OF AMENDMENT NO. 3 FOR DIAGNOSTIC AND  
THERAPEUTIC SERVICES FOR HIGH DESERT HEALTH SYSTEM**  
(5th District) (3 Votes)

**IT IS RECOMMENDED THAT YOUR BOARD:**

Authorize and instruct the Director of Health Services, or his designee, to sign Amendment No. 3 to Agreement No. H-210779, substantially similar to Exhibit I, with RadNet Management I, Inc. ("RadNet"), doing business as Antelope Valley MRI Medical Clinic, to expand the scope of diagnostic and therapeutic services High Desert Health Systems (HDHS) obtains from RadNet, and provide various backup or overflow diagnostic and therapeutic services on an as needed basis, due to equipment maintenance and repairs at HDHS and to increase the estimated maximum County obligation from \$660,000 to \$850,537, an increase of \$190,537, effective upon the date of the Board of Supervisors' approval through March 31, 2007.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:**

RadNet already provides the County with basic diagnostic and therapeutic procedures. However, HDHS now has a need to expand the scope of services it obtains from RadNet to include those services, as needed when equipment at HDHS is inoperable. In approving this action, the Board is authorizing the Director of Health Services, or his designee, to sign Amendment No. 3 with RadNet to provide various backup or overflow diagnostic and therapeutic services when equipment at HDHS is out-of-service. This amendment and increased maximum County obligation of \$190,000 will pay for additional magnetic resonance imaging (MRI) studies and various diagnostic and therapeutic services resulting from equipment failure and the increased demand for diagnostic and therapeutic services due to the transition of HDHS from an inpatient facility to an outpatient ambulatory care center.

FISCAL IMPACT/FINANCING:

Amendment No. 3 to the RadNet Agreement will increase the estimated maximum County obligation from \$660,000 to \$850,537, an increase of \$190,537, effective date of Board approval through March 31, 2007. Of this increase, \$140,000 will be used for additional MRI studies and \$50,537 will be used for various other diagnostic and therapeutic services. For Fiscal Year 2005-06, the estimated additional expenditures associated with this amendment are \$95,269. Funding for this amendment is included in the Fiscal Year 2005-06 Final Budget and will be requested in future fiscal years.

FACTS AND PROVISIONAL/LEGAL REQUIREMENTS:

Since 1982, HDHS has acquired diagnostic and therapeutic services through agreements with contractors in the Antelope Valley area. The purpose of these agreements is to provide HDHS patients with access to certain diagnostic and therapeutic services, such as MRIs, which are not available at HDHS.

On June 30, 1987, the Board approved an initial agreement with RadNet. On March 11, 1997, the Board approved a renewal agreement with RadNet for three additional years.

On March 30, 1999, the Board approved renewal agreements with several Antelope Valley area providers interested in providing services for the County.

On March 20, 2001, the Board approved Amendment No. 1, extending the term of the Agreements for three years.

In September 2005, the Department of Health Services (DHS) received notification that Antelope Valley MRI was actually a fictitious name for RadNet Management I, Inc. RadNet has provided DHS with the articles of incorporation for RadNet and a fictitious name permit issued by the State of California. Thus, all references in Agreement No. H-210779 to "Antelope Valley MRI" will be changed to "RadNet Management I, Inc., doing business as Antelope Valley MRI".

With the transition of HDHS from a hospital to a multi-service ambulatory care center, outpatient visits have increased significantly resulting in an increased demand for certain diagnostic services, including MRIs.

On March 16, 2004, the Board approved Amendment No. 2, extending the term of the Agreements for an additional three (3) years, effective April 1, 2004 through March 31, 2007.

Amendment No. 3 will expand the scope of services available on a back up or overflow basis for HDHS to include all diagnostic and therapeutic procedures, (i.e., MRIs, computed tomography, barium enemas, fluoroscopies, nuclear medicine, mammograms, kidney scans) when the fluoroscope is inoperable due to equipment maintenance and repairs. For several modalities, there is only one piece of equipment at HDHS which accommodates the aforementioned procedures. When the equipment is out-of-service for repair, sometimes for weeks at a time, patients must be referred approximately sixty miles away to Olive View-UCLA Medical Center. This presents a significant hardship to patients and often results in a delay in obtaining important diagnostic information needed to assess and treat the patients. For example, the fluoroscope was recently out-of-service for approximately six weeks, leaving the facility without fluoroscopy capabilities.

RadNet was selected as the provider over the other two area providers with County contracts because only RadNet can provide all the diagnostic and therapeutic services required to maintain the continuity of care to HDHS patients. The diagnostic services will include performing the procedures or treatment, reading and interpretation of all procedures and tests at Medi-Cal rates. The contractor will bill the County for services rendered on a monthly basis per procedure at the negotiated global fee-for-service rate.

Of the additional \$190,537 requested, approximately \$140,000 is anticipated for back up or overflow services. The remainder, \$50,537 is to be used for additional basic diagnostic and therapeutic services already provided for under the current agreement. The additional funds are necessary because HDHS is using more services than originally anticipated due to the change from an inpatient facility to an outpatient ambulatory care center.

Exhibits A and B were modified to reflect the change in the status of HDHS from a hospital (High Desert Hospital) to an outpatient ambulatory care center. Exhibit C was added to the Agreement with other diagnostic and therapeutic services requested by HDHS for patient treatment at current global Medi-Cal procedure rates.

Lancaster Cardiology Medical Group and Valley Tumor Radiation Medical Group, the two other contracted diagnostic and therapeutic services providers in the Antelope Valley area, will continue to perform cardiology diagnostic procedures and radiation therapy and treatments.

Amendment No. 3 includes Board mandated provisions including "Contractor's Obligation as a Business Associate under the Health Insurance Portability and Accountability Act of 1996" and "Budget Reductions".

HDHS administration will continue to monitor the contractor's performance to assure compliance with the terms and conditions of the agreement.

Attachment A provides additional information. County Counsel has approved Exhibit I as to use and form.

An approved sole source letter is on file with the Department.

#### CONTRACTING PROCESS:

The County has contracted with interested and qualified providers of diagnostic and therapeutic services in the Antelope Valley and currently has contracts with three providers. RadNet is the only service provider able to provide all the back-up diagnostic and therapeutic services necessary.

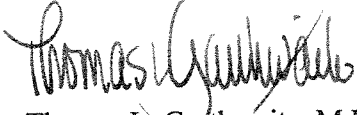
#### IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of Amendment No. 3 will ensure that all necessary diagnostic and therapeutic services are provided with continuity of care to HDHS patients.

The Honorable Board of Supervisors  
September 29, 2005  
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When approved, the Department requires three signed copies of the Board's action.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Thomas L. Garthwaite". The signature is fluid and cursive, with the first name "Thomas" being the most prominent.

Thomas L. Garthwaite, M.D.  
Director and Chief Medical Officer

TLG:kke

Attachments (2)

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors

HDHS DIAGNOSTIC AND THERAPEUTIC SVCS.KE.wpd

**SUMMARY OF AMENDMENT**  
(RadNet Management I, Inc.)

1. TYPE OF SERVICE:

Diagnostic and therapeutic service procedures for High Desert Health Systems (HDHS).

2. AGENCY ADDRESS AND CONTACT PERSON:

RadNet Management I, Inc.  
dba Antelope Valley MRI Medical Clinic  
1510 Cotner Avenue  
Los Angeles, CA 90025  
Attention: Espie Gamboa, Contracts Administrator  
Telephone: (310) 445-2800

3. TERM:

Effective upon date of Board of Supervisors' approval through March 31, 2007.

4. FINANCIAL INFORMATION:

Amendment No. 3 will increase the estimated maximum obligation from \$660,000 to \$850,537. Funding is included in the Fiscal Year 2005-06 Final Budget and will be requested in future fiscal years.

5. PRIMARY GEOGRAPHIC AREA TO BE SERVED:

5th District.

6. DESIGNATED ACCOUNTABLE FOR PROGRAM EVALUATION:

Melinda Anderson, High Desert Health Systems, CEO

7. APPROVALS:

Chief Executive Officer:	Melinda Anderson, CEO
Contracts and Grants:	Cara O'Neill, Chief
County Counsel (approval as to form):	Christina A. Salseda, Deputy

DIAGNOSTIC AND THERAPEUTIC SERVICES AGREEMENT

AMENDMENT NO. 3

THIS AMENDMENT is made and entered into this \_\_\_\_\_ day  
of \_\_\_\_\_, 2005,

by and between

COUNTY OF LOS ANGELES  
(hereafter "County"),

and

RADNET MANAGEMENT I, INC. (dba  
Antelope Valley MRI Medical Clinic)  
(hereafter "Contractor").

WHEREAS, reference is made to that certain document entitled "DIAGNOSTIC AND THERAPEUTIC SERVICES AGREEMENT", dated March 30, 1999, and further identified as County Agreement No. H-210779 and any amendments thereto (all hereafter "Agreement"); and

WHEREAS, it is the intent of the parties to amend Agreement to provide for changes set forth herein; and

WHEREAS, said Agreement provides that changes may be made in the form of a written amendment which is formally approved and executed by the parties; and

WHEREAS, the "Director" as used herein refers jointly to County's Director of Health Services or his/her authorized designee, and the parties understand that the County Board of Supervisors may, during the course of this agreement and any extension thereto, reorganize or otherwise modify the administrative structure of the Public Health function, which may affect the designated Director for the agreement. County will notify provider in writing of any change; and

WHEREAS, the parties desire to amend Agreement to include the provision of a preferred provider arrangement for diagnostic and therapeutic procedures between the County and Contractor.

NOW, THEREFORE, the parties hereby agree as follows:

1. This Amendment shall become effective upon the Board of Supervisors' approval.

2. BILLING AND PAYMENT: Effective upon the date of Board of Supervisors' approval, County shall reimburse Contractor for the specific services rendered pursuant to this Agreement in accordance with the procedures described in Exhibit C, titled DESCRIPTION OF SERVICES - PROCEDURE CODES AND REIMBURSEMENT RATES, attached hereto and incorporated herein by reference. All other radiology diagnostic and therapeutic procedures requested by County will be reimbursed to Contractor at 100% current Medi-Cal rates as mutually agreed upon by County and Contractor.

3. Paragraphs 5 and 22, (Confidentiality) and (Consideration of Hiring Gain/Grow Program Participants) of the Agreement shall be amended to read as follows:

"5. CONFIDENTIALITY: Contractor shall maintain the confidentiality of all records, data and information, including, but not limited to, billings, County records and data, and other information, in accordance with all applicable Federal, State and local laws, regulations, ordinances, guidelines and directives relating to confidentiality. Contractor shall inform all of its officers, employees and agents providing services hereunder of the confidentiality provisions of this

Agreement. Contractor shall provide to County an executed Contractor Employee Acknowledgment and Confidentiality Agreement (Attachment I) for each of its employees performing work under this Agreement in accordance with the Independent Contractor Status Paragraph.

Contractor shall indemnify, defend and hold harmless County, its officers, employees and agents, from and against any and all loss, damage, liability and expense, including, but not limited to, defense costs and legal, accounting and other expert, consulting or professional fees, arising from any disclosure of such records and information by Contractor, its officers, employees or agents, except for any disclosure authorized by this Paragraph.

With respect to any identifiable records or information concerning any patient that is obtained by Contractor or any other records and information, Contractor shall: (1) not use any such records or information for any purpose whatsoever other than carrying out the express terms of this Agreement; (2) promptly transmit to County all requests for disclosure of any such records or information; (3) not disclose, except as otherwise specifically permitted by this Agreement, any such records or information to any person or organization other than County without County's prior written authorization that the records are, or information is, releasable; and (4) at the expiration or termination of this Agreement, return all such records and information to County or maintain such records and information according to the written procedures sent to Contractor by County for this purpose."



“22. CONSIDERATION OF HIRING GAIN/GROW PROGRAM

PARTICIPANTS: Should Contractor require additional or replacement personnel after the Effective Date, Contractor shall give consideration for any such employment openings to participants in County’s Department of Public Social Services Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet Contractor’s minimum qualifications for the open position. For this purpose, consideration shall mean that Contractor will interview qualified candidates. County will refer GAIN/GROW participants by job category to Contractor.

In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority.”

5. Paragraphs 33.0 and 34.0, (Contractor’s Obligations as a Business Associate Under Health Insurance Portability and Accountability Act of 1996) and (Budget Reductions) of the Agreement shall be added to read as follows:

“33.0 CONTRACTOR’S OBLIGATION AS A BUSINESS ASSOCIATE UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996: The performance of Contractor’s obligations under the Agreement could require Contractor’s receipt of, or access to, Protected Health Information, as such term is defined in Attachment II (Contractor’s Obligation as a Business Associate Under the Health Insurance Portability and Accountability Act of 1996). Contractor and County hereby agree to be bound by the terms and conditions of the Business Associate Protected Health Information Disclosure

Agreement (Attachment II) (hereafter "Business Associate Agreement") by and between Contractor (referred to in Attachment II as "Business Associate") and County (referred to in Attachment II as "Covered Entity") for the term of this Agreement and as provided in the Business Associate Agreement."

"34.0. BUDGET REDUCTIONS: In the event that County's Board of Supervisors adopts, in any fiscal year, a County budget which provides for reductions in the salaries and benefits paid to the majority of County employees and imposes similar reductions with respect to County contracts, County reserves the right to reduce its payment obligation correspondingly for that fiscal year and any subsequent fiscal year for services provided by Contractor under this Agreement. County's notice to the Contractor regarding said reduction in payment obligation shall be provided within thirty (30) calendar days of the Board of Supervisors approval of such actions. Contractor shall continue to perform all of its obligations set forth in this Agreement."

5. Exhibits A and B, DESCRIPTION OF SERVICES and BILLING AND PAYMENT, shall be replaced by Exhibits A-1 and B-1, STATEMENT OF WORK – DESCRIPTION OF SERVICES AND BILLING AND PAYMENT, attached hereto, and incorporated herein by reference.

6. Effective upon the Board of Supervisors' approval, Exhibit C, DESCRIPTION OF SERVICES – PROCEDURE CODES AND REIMBURSEMENT RATES, shall be added to Agreement, attached hereto and incorporated herein by reference.

7. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Director of Health Services

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and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officers, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Thomas L. Garthwaite, M.D.  
Director and Chief Medical Officer

RADNET Management I, Inc.  
Contractor

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

Title \_\_\_\_\_  
(AFFIX CORPORATE SEAL)

APPROVED AS TO FORM  
BY THE OFFICE OF COUNTY COUNSEL:

COUNTY COUNSEL

By \_\_\_\_\_  
Christina A. Salseda  
Deputy County Counsel

APPROVED AS TO CONTRACT  
ADMINISTRATION:

DEPARTMENT OF HEALTH SERVICES

By \_\_\_\_\_  
Cara O'Neill, Chief  
Contracts and Grants

**CONTRACTOR EMPLOYEE ACKNOWLEDGEMENT, CONFIDENTIALITY,  
ASSIGNMENT AGREEMENT**

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

ANTELOPE VALLEY MRI  
CONTRACTOR NAME

Contract No. H210779

Employee Name \_\_\_\_\_

**GENERAL INFORMATION:**

Your employer referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Contractor Employee Acknowledgement, Confidentiality Assignment Agreement.

**EMPLOYEE ACKNOWLEDGEMENT:**

I understand and agree that the Contractor referenced above is my sole employer for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon my employer for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future contract.

**CONFIDENTIALITY AGREEMENT:**

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by my employer for the County. I have read this agreement and have taken due time to consider it prior to signing.

Initials of Signer \_\_\_\_\_

Contractor Name ANTELOPE VALLEY MRI.

Contract No. H210779

Employee Name \_\_\_\_\_

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between my employer and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to my immediate supervisor.

I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than my employer or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me during this employment, I shall keep such information confidential.

I agree to report to my immediate supervisor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to my immediate supervisor upon completion of this contract or termination of my employment with my employer, whichever occurs first.

I acknowledge that violation of this agreement may subject me to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_/\_\_\_\_/\_\_\_\_

PRINTED NAME: \_\_\_\_\_

POSITION: \_\_\_\_\_

**CONTRACTOR'S OBLIGATION AS A BUSINESS ASSOCIATE  
UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT  
OF 1996**

Under this Agreement, Contractor ("Business Associate") provides services ("Services") to County ("Covered Entity") and Business Associate receives, has access to or creates Protected Health Information in order to provide those Services. Covered Entity is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information ("Privacy Regulations") and the Health Insurance Reform: Security Standards ("the Security Regulations") at 45 Code of Federal Regulations Parts 160 and 164 ("together, the "Privacy and Security Regulations").

The Privacy and Security Regulations require Covered Entity to enter into a contract with Business Associate in order to mandate certain protections for the privacy and security of Protected Health Information, and those Regulations prohibit the disclosure to or use of Protected Health Information by Business Associate if such a contract is not in place;

Therefore, the parties agree as follows:

**DEFINITIONS**

- 1.1 "Disclose" and "Disclosure" mean, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner of Protected Health Information outside Business Associate's internal operations or to other than its employees.
- 1.2 "Electronic Media" has the same meaning as the term "electronic media" in 45 C.F.R. § 160.103. Electronic Media means (1) Electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or (2) Transmission media used to exchange information already in electronic storage media. Transmission media include, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via electronic media, because the information being exchanged did not exist in electronic form before the transmission.

The term "Electronic Media" draws no distinction between internal and external data, at rest (that is, in storage) as well as during transmission.

- 1.3 “Electronic Protected Health Information” has the same meaning as the term “electronic protected health information” in 45 C.F.R. § 160.103. Electronic Protected Health Information means Protected Health Information that is (i) transmitted by electronic media; (ii) maintained in electronic media.
- 1.4 “Individual” means the person who is the subject of Protected Health Information and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).
- 1.5 “Protected Health Information” has the same meaning as the term “protected health information” in 45 C.F.R. § 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity. Protected Health Information includes information that (i) relates to the past, present or future physical or mental health or condition of an Individual; the provision of health care to an Individual, or the past, present or future payment for the provision of health care to an Individual; (ii) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (iii) is received by Business Associate from or on behalf of Covered Entity, or is created by Business Associate, or is made accessible to Business Associate by Covered Entity. “Protected Health Information” includes Electronic Health Information.
- 1.6 “Required By Law” means a mandate contained in law that compels an entity to make a Use or Disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions of participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing benefits.
- 1.7 “Security Incident” means the attempted or successful unauthorized access, Use, Disclosure, modification, or destruction of information in, or interference with system operations of, an Information System which contains Electronic Protected Health Information. However, Security Incident does not include attempts to access an Information System when those attempts are not reasonably considered by Business Associate to constitute an actual threat to the Information System.
- 1.8 “Services” has the same meaning as in the body of this Agreement.
- 1.9 “Use” or “Uses” mean, with respect to Protected Health Information, the sharing, employment, application, utilization, examination or analysis of such Information within Business Associate’s internal operations.



1.10 Terms used, but not otherwise defined in this Paragraph shall have the same meaning as those terms in the HIPAA Regulations.

## **OBLIGATIONS OF BUSINESS ASSOCIATE**

### **2.1 Permitted Uses and Disclosures of Protected Health Information. Business Associate:**

- (a) shall Use and Disclose Protected Health Information as necessary to perform the Services, and as provided in Sections 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 4.3 and 5.2 of this Agreement;
- (b) shall Disclose Protected Health Information to Covered Entity upon request;
- (c) may, as necessary for the proper management and administration of its business or to carry out its legal responsibilities:
  - (i) Use Protected Health Information; and
  - (ii) Disclose Protected Health Information if the Disclosure is Required by Law.

Business Associate shall not Use or Disclose Protected Health Information for any other purpose.

### **2.2 Adequate Safeguards for Protected Health Information. Business Associate:**

- (a) Shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information in any manner other than as permitted by this Paragraph. Business Associate agrees to limit the Use and Disclosure of Protected Health Information to the minimum necessary in accordance with the Privacy Regulation's minimum necessary standard.
- (b) effective as of April 20, 2005, specifically as to Electronic Health Information, shall implement and maintain administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of Electronic Protected Health Information.

### **2.3 Reporting Non-Permitted Use or Disclosure and Security Incidents. Business Associate shall**

report to Covered Entity each Use or Disclosure that is made by Business Associate, its employees, representatives, agents or subcontractors but is not specifically permitted by this Agreement, as well as, effective as of April 20, 2005, each Security Incident of which Business Associate becomes aware. The initial report shall be made by telephone call to the Departmental Privacy Officer, telephone number 1(800) 711-5366 within forty-eight (48) hours from the time the Business Associate becomes aware of the non-permitted Use or Disclosure or Security Incident, followed by a full written report no later than ten (10)

business days from the date the Business Associate becomes aware of the non-permitted Use or Disclosure or Security Incident to the Chief Privacy Officer at:

Chief Privacy Officer  
Kenneth Hahn Hall of Administration  
500 West Temple ST.  
Suite 525  
Los Angeles, CA 90012

- 2.4 Mitigation of Harmful Effect. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Use or Disclosure of Protected Health Information by Business Associate in violation of the requirements of this Paragraph.
- 2.5 Availability of Internal Practices, Books and Records to Government Agencies. Business Associate agrees to make its internal practices, books and records relating to the Use and Disclosure of Protected Health Information available to the Secretary of the federal Department of Health and Human Services for purposes of determining Covered Entity's compliance with the Privacy and Security Regulations. Business Associate shall immediately notify Covered Entity of any requests made by the Secretary and provide Covered Entity with copies of any documents produced in response to such request.
- 2.6 Access to Protected Health Information. Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make the Protected Health Information specified by Covered Entity available to the Individual(s) identified by Covered Entity as being entitled to access and copy that Protected Health Information. Business Associate shall provide such access for inspection of that Protected Health Information within two (2) business days after receipt of request from Covered Entity. Business Associate shall provide copies of that Protected Health Information within five (5) business days after receipt of request from Covered Entity.
- 2.7 Amendment of Protected Health Information. Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make any amendments to Protected Health Information that are requested by Covered Entity. Business Associate shall make such amendment within ten (10) business days after receipt of request from Covered Entity in order for Covered Entity to meet the requirements under 45 C.F.R. § 164.526.
- 2.8 Accounting of Disclosures. Upon Covered Entity's request, Business Associate shall provide to Covered Entity an accounting of each Disclosure of Protected Health Information made by Business Associate or its employees, agents, representatives or subcontractors. However, Business Associate is not required to provide an accounting of Disclosures that are necessary to perform the Services because such Disclosures are for either payment or health care operations purposes, or both.

Any accounting provided by Business Associate under this Section 2.8 shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; (c) a brief description of the Protected Health Information disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure that could require an accounting under this Section 2.8, Business Associate shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure. Business Associate shall provide to Covered Entity, within ten (10) business days after receipt of request from Covered Entity, information collected in accordance with this Section 2.8 to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

### **OBLIGATION OF COVERED ENTITY**

- 3.1 Obligation of Covered Entity. Covered Entity shall notify Business Associate of any current or future restrictions or limitations on the use of Protected Health Information that would affect Business Associate's performance of the Services, and Business Associate shall thereafter restrict or limit its own uses and disclosures accordingly.

### **TERM AND TERMINATION**

- 4.1 Term. The term of this Paragraph shall be the same as the term of this Agreement. Business Associate's obligations under Sections 2.1 (as modified by Section 4.2), 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 4.3 and 5.2 shall survive the termination or expiration of this Agreement.
- 4.2 Termination for Cause. In addition to and notwithstanding the termination provisions set forth in this Agreement, upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:
- (a) Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;
  - (b) Immediately terminate this Agreement if Business Associate has breached a material term of this Agreement and cure is not possible; or
  - (c) If neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary of the federal Department of Health and Human Services.

#### 4.3 Disposition of Protected Health Information Upon Termination or Expiration.

- (a) Except as provided in paragraph (b) of this section, upon termination for any reason or expiration of this Agreement, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.
- (b) In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make infeasible. If return or destruction is infeasible, Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further Uses and Disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

#### **MISCELLANEOUS**

- 5.1 No Third Party Beneficiaries. Nothing in this Paragraph shall confer upon any person other than the parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.
- 5.2 Use of Subcontractors and Agents. Business Associate shall require each of its agents and subcontractors that receive Protected Health Information from Business Associate, or create Protected Health Information for Business Associate, on behalf of Covered Entity, to execute a written agreement obligating the agent or subcontractor to comply with all the terms of this Paragraph.
- 5.3 Relationship to Services Agreement Provisions. In the event that a provision of this Paragraph is contrary to another provision of this Agreement, the provision of this Paragraph shall control. Otherwise, this Paragraph shall be construed under, and in accordance with, the terms of this Agreement.
- 5.4 Regulatory References. A reference in this Paragraph to a section in the Privacy or Security Regulations means the section as in effect or as amended.
- 5.5 Interpretation. Any ambiguity in this Paragraph shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy and Security Regulations.
- 5.6 Amendment. The parties agree to take such action as is necessary to amend this Paragraph from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Regulations.

**DIAGNOSTIC AND THERAPEUTIC SERVICES AGREEMENT  
STATEMENT OF WORK - DESCRIPTION OF SERVICES**

**SCOPE OF WORK:** Contractor shall provide magnetic resonance imaging (MRI), fluoroscopy and other diagnostic and therapeutic services (hereafter "Services") for High Desert Health System (HDHS) (hereafter "County") under this agreement pursuant to the following circumstances for (1) Contractor shall perform all MRI procedures for HDHS patients, (2) other diagnostic and therapeutic procedures, such as, ultrasounds, computed tomography (CT) and (3) Contractor shall perform fluoroscopies on a backup basis when the HDHS fluoroscope is inoperable due to maintenance or repairs.

**DEFINED TERMS:**

**County-referred patient** shall mean inpatients and outpatients referred by County Facility to Contractor for Services.

**County-responsible patient** shall mean County-referred 1) outpatients who are Medicare covered, or 2) outpatients who are not covered by Medi-Cal, private medical insurance or other third-party coverage and deemed to be County-responsible under the California Welfare and Institutions Code sections 17000 et seq. by the Director of Health Services or his authorized designee.

**Third-Party Insured patient** shall mean of patients with private medical insurance carriers or other third party coverage, such as HMOs, PPOs, etc.

1. **SERVICES TO BE PROVIDED:**

- A. Contractor shall provide during the term of this Agreement the Services listed in Exhibit C for County-responsible and County-referred patients, unless the delivery of such Services is made impossible due to strikes, force majeure, or other similar causes beyond of the control of Contractor.

It is understood and agreed that the Services provided pursuant to this Agreement shall be performed under the supervision of physicians duly licensed to practice medicine in the State of California, and the agreement by Contractor to see that such Services are furnished is not to be construed as Contractor entering into the practice of medicine.

- B. All Services must be authorized in advance by County. Proof of such authorization shall be evidenced by a form (hereafter "Authorization Form") issued to the patient by County. Said Authorization Form need not be the original, but may instead be a photocopy or facsimile and need not be carried by the patient, if it has been transmitted to the Contractor's

**DIAGNOSTIC AND THERAPEUTIC SERVICES AGREEMENT  
STATEMENT OF WORK - DESCRIPTION OF SERVICES**

facility prior to the patient's arrival for diagnosis, or treatment, or both.  
Invoices without written proof of authorization will not be processed or paid.

- C. County shall make special arrangements with Contractor to provide Services for patients who require isolation procedures.
- D. Written reports of test results must be on test forms which conform to County's policy and which can be entered directly into County's patient medical records. Each report must contain all data and information as specified by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) and by the State Department of Health Services.
- E. Contractor shall provide County with the original and any copies all images or films.
- F. Contractor shall provide County with a preliminary report within twenty-four (24) hours after provision of Services. A verbal preliminary report shall be provided within twenty-four (24) hours if results are abnormal or upon request of County.
- G. Contractor shall hand-deliver all images or films and final written reports to County during County's normal business hours (8:00 a.m. to 4:30 p.m.), Monday through Friday, at the following address:

High Desert Health System  
44900 North 60<sup>th</sup> Street West  
Lancaster, California 93536

Final reports for outpatients must be received by County within five (5) working days after the provision of Services. County shall have no obligation to pay for any late reports.

Reports for "Stat" Services shall be telephoned to County at the following numbers:

- (1) Radiology Department at (661) 945-8223 for all X-ray, Ultrasound and Nuclear Medicine Services.
- (2) Medical Administration at (661) 945-8303 for all other Services, or as otherwise directed by Hospital Administrator.

**DIAGNOSTIC AND THERAPEUTIC SERVICES AGREEMENT  
STATEMENT OF WORK - DESCRIPTION OF SERVICES**

2. **STANDARD OF CARE:**

- A. Contractor shall provide for supervision and monitoring of the medical care provided County-responsible or referred patients pursuant to this Agreement, in accordance with recognized standards through regular review of patient medical records by Contractor's appropriately designated medical staff committee(s).
- B. Contractor's facility and services shall be in conformance with the standards of JCAHO and with all applicable federal and state statutes, regulations and related requirements, as amended from time to time, which are applicable to Contractor's provision of Services under this Agreement.
- C. County has established a Quality Assessment and Improvement Committee (QA and QI) composed of County employees appointed by Director to review the Services contemplated by this Agreement and to assure a Standard of Care by Contractor and others which is consistent with the laws of the state and federal governments, with County's QA and QI standards, and with the prevailing stands of medical practice in the community. Contractor agrees to adhere to the standards thereby established for its Services and to permit by County's QA and QI Committee representatives of Contractor's patient medical records for County-responsible and referred patients. Such review shall not extend to records medical staff committee.
- D. Contractor shall establish and maintain a written QA and QI Program that describes the program's objectives, organization and mechanisms for overseeing the effectiveness of monitoring, evaluation and problem-solving activities. Contractor shall provide a copy of such plan to County within thirty (30) days of the effective date of this Agreement. Such a plan shall be reviewed by County's QA and QI Committee to ensure compliance with the applicable JCAHO standards.

Contractor shall maintain records of peer review plans, audit results, problems identified and corrective actions for a period of seven (7) years from the date such records were prepared, and shall have them available upon request for review County's QA and QI Committee.

3. **INFECTION CONTROL:** If Contractor's employee(s) is (are) diagnosed with having an infectious disease and such employee(s) has (have) had contact with

**DIAGNOSTIC AND THERAPEUTIC SERVICES AGREEMENT  
STATEMENT OF WORK - DESCRIPTION OF SERVICES**

a County-responsible or referred patient during this usual incubation period for such infectious disease, Contractor shall report such occurrence(s) to Hospital's Employee Health/Infection Control Department at (661) 945-8260.

If a County-responsible or referred patient is diagnosed with having an infectious disease, and such County-responsible or referred patient has had contact with Contractor's employee(s) during the usual incubation period for such infectious disease, County shall report such occurrence(s) to Contractor.

For purposes of this Agreement, the infectious diseases reportable hereunder are those listed in the Public Health List of Reportable Diseases.

4. **PHYSICAL EXAMINATION:** Contractor shall ensure that each person who performs patient care services under this Agreement is examined by a California licensed physician on an annual or biannual basis, as required by JCAHO and section 70723, Title 22, California Code of Regulations, and shall provide County, upon request, with written certification that each such person is free of infectious disease(s).
5. **EMERGENCY MEDICAL TREATMENT:** For County-responsible or referred patients (as defined in Paragraph 2 in the body of the initial Agreement and revised in this SOW) provided Services hereunder who may require emergency medical care for physical illness or accident while at Contractor's facility, and where such care is not available at Contractor's facility, Contractor may authorize such emergency care. In such instances, Contractor must notify County of the emergency and the actions taken in accordance with the following procedures:
  - A. As soon as possible, or within two hours, of the onset of illness or accident, Contractor shall call County at (661) 945-8473 and submit the following information to the Medical Director's Office:
    - (1) Name of Contractor;
    - (2) Name of patient and medical record;
    - (3) Hospital to which patient has been transported if applicable;
    - (4) Name of physician attending patient, if possible;
    - (5) Complete diagnosis of patient, if available;
    - (6) Approximate length of time until patient can be safely transported back to County.
  - B. Contractor shall submit a written report County's Risk Manager within five (5) working days of the incident.



**DIAGNOSTIC AND THERAPEUTIC SERVICES AGREEMENT  
STATEMENT OF WORK - DESCRIPTION OF SERVICES**

- C. Contractor shall prepare a separate invoice covering all costs incurred by Contractor in providing such extraordinary care. Such invoice, however, will not be processed or paid unless the above procedures have been followed completely.

**DIAGNOSTIC AND THERAPEUTIC SERVICES AGREEMENT  
BILLING AND PAYMENT**

Contractor shall reimburse Contractor for Services rendered pursuant to this Agreement in accordance with the following procedures:

- A. County shall provide Contractor with general billing guidelines for all Services provided to County-responsible or referred patients. Unless otherwise specifically instructed in writing on the patient's Authorization Form, said billing guidelines shall apply to all Services provided under this Agreement.
- B. For all County-responsible or referred patients, County shall identify and determine the financial status of the patient, if possible, prior to the patient's referral to Contractor for Services (i.e., County will determine if the patient has existing Medi-Cal, Medicare or private medical insurance coverage).
- C. County shall provide Contractor with specific, written billing instructions for each County-responsible or referred patient. Such instructions shall be on the Authorization Form hand carried by each patient referred to Contractor by County.
- D. For Third-Party Insured patients, Contractor shall bill the appropriate Third-Party payer for Services rendered and accept such Third-Party payer payment as payment in full, such as Medicare or Medi-Cal or Private Insurance.
- E. For all County-responsible patients, Contractor shall bill County at the rates not to exceed the rates set forth in Attachment 1 of Exhibit B and Exhibit C of this Agreement. Such rates shall be inclusive of all technical and professional charges and there shall be no separate billing to County for any professional services hereunder.

**Professional Component** shall mean the review and interpretation of diagnostic images which are obtained through the technical component of diagnostic imaging, involving the use of diagnostic imaging equipment and facilities.

**Technical Component** shall mean the use of diagnostic imaging equipment and facility which is obtained through use of a certified technician.

**DIAGNOSTIC AND THERAPEUTIC SERVICES AGREEMENT  
BILLING AND PAYMENT**

Contractor further agrees that Contractor, its agents, trustees or assignees will look solely to County for payment for Services provided to County-responsible patients and to the patient or the program.

Where County has identified a patient or service provided as County-responsible and instructed Contractor to "Bill County", and where Contractor determines that said patient has private insurance, Contractor shall immediately notify County's Billing Department of the discrepancy and verify billing instructions.

- F. All bills rendered by Contractor shall be in the name of Contractor as said name appears on the first page of this Agreement.
- G. Billing to County shall be in duplicate and shall include the patient's name, date of service, and a detailed description of the services for which claim is made.
- H. Billing to County shall be made and forwarded to the accounting office of County within thirty (30) days of the end of the month in which Services were rendered. County shall pay Contractor within thirty (30) days of receipt of a complete and accurate invoice. For billing received more than thirty (30) days after the end of the month in which Services were rendered, County does not guarantee payment in less than ninety (90) days. Billing more than fifteen (15) days after the close of County's June 30<sup>th</sup> fiscal year may not be paid for up to eight (8) months. Billing received over one (1) year after the provision of Services, where County has not caused the delay, will not be paid.
- I. In the event the Medicare or Medi-Cal programs, or both, establish revised reimbursement directives, Director is authorized to revise the billing procedures in this Paragraph to comply with such Medicare or Medi-Cal, or both, directives. In such circumstances, Director shall inform Contractor in writing of the revised billing procedures and the effective date thereof.

**DESCRIPTION OF SERVICES  
PROCEDURE CODES AND REIMBURSEMENT RATES**

Effective upon the Board of Supervisors' approval through March 31, 2007

<u>Description of Service</u>	<u>CPT Code</u>	<u>Procedure Rate/Fee</u>
Magnetic Resonance Imaging (MRI)		\$375.00
Computed Tomography (CT)		\$250.00
Nuclear Cardiology Imaging (treadmill, Scan, interpretation and report)		\$700.00
Intravenous Pulmonary – Urogram w/Kub w/Tomos	74415	\$99.32
Isotopes	(A4646)	\$54.61
Barium Enema w/o air contrast	74270	\$51.91
Barium Enema w/ air contrast	74280	\$60.59
Upper Gastro Intestinal (GI) air contrast w/Kub	74247	\$75.29
Upper GI – air contrast w/ small bowel study	74245	\$76.13
Small bowel study – Routine	74250	\$60.59
Esophagram	74220	\$38.09
Cystourethrogram – Routine	74450	\$41.52
Injection for bladder x-ray	51600	\$256.89
Voiding Cystourethrogram – Routine	74455	\$60.59
Injection for bladder x-ray	51600	\$256.89
Fluoroscopy – Sniff Test	76000	\$27.96
Fluoroscopy Fistulogram Sinogram	76080	\$41.79
Injection Sinus Tract for x-ray	20501	\$223.38
Ultrasound, breast, unilateral	76645	\$77.58
Unilateral mammography	76090	\$74.00
Bilateral mammography	76091	\$90.00
Yearly screening (w/cost +10%)	76092	\$65.00
Arterial, upper extremity	93922	\$75.36
Arterial, leg	93923	\$140.11
Venous, leg	93965	\$81.12
Vascular Venous, bilateral	93970	\$230.21
Vascular Venous, unilateral	93971	\$153.50

**DESCRIPTION OF SERVICES  
PROCEDURE CODES AND REIMBURSEMENT RATES**

Effective upon the Board of Supervisors' approval through March 31, 2007

<u>Description of Service</u>	<u>CPT Code</u>	<u>Procedure Rate/Fee</u>
Carotid Routine	93980	\$216.06
Vascular Aorta, Iliacs	93978	\$216.06
Testicular, Doppler flow	76870	\$103.72

**NUCLEAR MEDICINE EXAMS**

Thyroid Uptake and Scan	78007	\$69.22
Nuclear Exams of thyroid	78001	\$34.61
Isotopes	A9516	Cost +10%
Thyroid Therapy (Ablation) 29.9 Mci max.	79030	\$69.22
Isotopes	A9517	Cost +10%
Parathyroid Imaging	78070	\$96.11
Prov. Of Diagnostic Radiopharmaceuticals	78990	\$55.07
Bone Scan, Whole Body	78306	\$141.03
Establish access to vein	36000	\$26.06
Isotopes	Q3009	Cost +10%
Bone Scan, Limited	78300	\$80.91
Establish access to vein	36000	\$26.06
Prov. Of Diagnostic Radiopharmaceuticals	78990	\$55.07
Bone Scan, Spect	78320	\$246.24
Isotopes	Q3009	Cost +10%
Liver Spleen Scan w/Vascular Flow	78216	\$115.98
Isotopes	A9520	Cost +10%
Kidney Scan w/Vascular flow/function Captopril	78700	\$176.94
Isotopes	A4641	Cost +10%
Kidney Scan w/Vascular/function w/Diuretic	78708	\$176.94
Isotopes	A4641	Cost +10%
Kidney Scan w/Vascular/function w/o Diuretic	78707	\$192.95
Isotopes	A4641	Cost +10%
Gallbladder Scan – Hida	78223	\$108.14
Isotopes	A9513	Cost +10%

**DESCRIPTION OF SERVICES  
PROCEDURE CODES AND REIMBURSEMENT RATES**

Effective upon the Board of Supervisors' approval through March 31, 2007

<u>Description of Service</u>	<u>CPT Code</u>	<u>Procedure Rate/Fee</u>
Gallium Tumor Scan – Limited	78800	\$89.12
Isotopes	Q3002	Cost +10%
Gallium Tumor Scan – Whole Body	78802	\$154.90
Isotopes	Q3002	Cost +10%
Muga Scan	78472	\$167.77
Heart Wall Motion add-on	78478	\$58.87
Heart Function add-on	78480	\$58.87
Isotopes	Q3010	Cost +10%

All other Radiology diagnostic and therapeutic procedures will be billed @ 100% of current Medi-Cal rates.